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Mark Hotel seeks refinancing after thwarting latest foreclosure attempt

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The Mark Hotel

The Mark Hotel, a swanky Upper East Side inn where Meghan Markle had her baby shower in 2019, is set to pay off a $115 million mortgage after fending off a foreclosure attempt by its lenders in 2020.

The building's owner, Alexico Group, closed the hotel at 25 E. 77th St. in March 2020 and missed two subsequent mortgage payments before lender Ohana Real Estate Investors claimed default and scheduled an auction for the building.

Alexico sued Ohana in state Supreme Court in Manhattan to block the sale and won approval from a judge to delay it. Now it's looking to refinance its existing loan before it matures in June, according to data from Trepp.

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The hotel includes the most expensive hotel room in the United States—the penthouse suite, which runs at $75,000 per night.

During the pandemic, the building's future was uncertain. Its occupancy rate had cratered to 39%, and it lost its ability to pay down its debt. But by the time the hotel reopened in June, its occupancy hit 55%, and its debt service coverage ratio soared, according to Trepp. It made a deal with its creditors and raised room rates by 20%.

This isn't the first time Alexico has faced foreclosure at the property.

In the 2000s the firm was looking to raise money to pay for a $200 million renovation by turning 42 of 160 units in the hotel into co-ops and selling them. But by 2011 it had sold two suites for just $16 million, property records show.

In 2011 Dune Real Estate Partners bought $300 million in debt on the hotel from Anglo Irish Bank for $190 million and filed to foreclose on the loans there that year. Following the filing, though, the lender worked out a partnership with the hotel's owners and did not pursue foreclosure, Dune spokeswoman Renee Soto told Crain's.

Since the city's hotel industry shut down in March, The Mark in June 2020 became the first luxury hotel to reopen its doors, with a full menu of services and amenities available to guests.

Today, the hotel's average daily rate per room is up 50%, and revenue per available room, a metric of the health of its business, is the highest in the city and the highest it's ever been, said Andrew Jeffries, the hotel's Director of Sales and Marketing.

This story has been updated.

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